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UNITED STATES DEPARTMENT OF AGRICULTURE
Bureau of Agricultural Economics
Washington

BCS-3

March 23, 1937

T H E B E E F C A T T L E S I T U A T I O N

-Spring Outlook Issue-

This issue brings to date the 1937 outlook for beef cattle, which was issued by the Bureau of Agricultural Economics last November in cooperation with Federal and State extension workers.

SUMMARY

Prices of nearly all grades of slaughter cattle are expected to average higher in 1937 than in 1936, and may be higher than in 1935. Prices of the better grades probably will advance somewhat further from the present relatively high levels. Prices of these grades, however, have advanced steadily since last June. In mid-March they were nearly as high as in the spring of 1935. Whether or not prices of such cattle will advance much beyond present levels depends in part upon the reaction of consumers to increases above current levels in prices of the better grades of beef. Prices of the lower grades are likely to advance seasonally until May or June. Prices of the lower grades usually decline after mid-May or early June, but with further improvement in consumer demand for meats and the relatively strong demand for replacement cattle in prospect the decline this year may be less than average.

Slaughter supplies of cattle and calves probably will continue to be relatively large until pastures become an important factor in the feed situation in late May or June. For the year as a whole, the inspected

slaughter of cattle and calves probably will be somewhat smaller than that of 1936, but considerably larger than the average for the 10 years, 1924-33.

The market supply of heavy well-finished cattle has been sharply reduced in the last 2 months. Since the number of cattle put on feed this winter was much smaller than average, further reductions in the marketings of such cattle are to be expected. It is probable that marketings of grain-fed cattle generally during the remainder of 1937 will be considerably smaller than in 1936.

Inspected cattle and calf slaughter in February was smaller than in January by about the usual amount. Cattle slaughter in February, however, was only slightly smaller than that of a year earlier, but was considerably larger than average for the month. In both January and February, inspected slaughter of calves was the largest of record for those months.

The total number of cattle and calves on farms January 1, 1937, was 2 percent smaller than that of a year earlier, but 7 percent larger than the 10-year average. The number on farms January 1, 1938, probably will not be greatly different from that on January 1 this year.

REVIEW OF RECENT DEVELOPMENTS

BACKGROUND.- Cattle prices, which declined to the lowest level on record in 1933, advanced slightly in 1934 and sharply in 1935 to the highest level since 1930. The sharp price advance in 1935 was a result principally of increased consumer purchasing power and the marked reduction in hog slaughter which followed the 1934 drought. Prices of most grades of slaughter cattle declined in the first half of 1936 and were lower, generally, for the year than in 1935.

Cattle prices continue to advance

Prices of most grades of slaughter cattle advanced fairly sharply from the summer and early fall of 1936 to early March 1937, although slaughter

supplies of cattle during this period were relatively large. Improvement in the general business situation and in consumer demand for meats apparently was responsible in large part for the rise in prices.

The weekly average price of choice and prime grade slaughter steers at Chicago advanced from \$8.27 per 100 pounds in mid-June 1936 to \$13.91 in mid-March 1937. During the same period, the price of good grade slaughter steers at Chicago advanced from \$7.63 to \$11.40.

Although prices of the lower grades of slaughter steers usually decline in the fall months, prices of such steers advanced from August 1936 to January 1937. Prices of both medium and common grades of slaughter steers at Chicago declined in late January and early February; most of the loss was recovered in early March.

Prices of all grades of slaughter steers at Chicago were higher in mid-March than those of a year earlier. Compared with 2 years earlier, however, the price of each grade except choice and prime, was somewhat lower. The spread between prices of choice and prime grade slaughter steers at Chicago and prices of common grade steers at Chicago in mid-March was nearly \$2 greater than a year earlier, and about \$1 greater than it was 2 years earlier.

Prices of cows and veal calves also have advanced since last fall. Prices of vealers, however, declined sharply in February and early March.

Slaughter supplies at relatively high level

Slaughter supplies of cattle and calves decreased by about the usual seasonal amount from January to February. The number of cattle slaughtered under Federal inspection in February, totaling 708,000 head, was 18 percent smaller than the number slaughtered in January, and 5 percent smaller than that of a year earlier. Inspected calf slaughter of 437,000 head in February was 10 percent smaller than in January, but 8 percent larger than in February 1936. Inspected slaughter of cattle in both January and February this year was somewhat smaller than that of the corresponding months in 1936, but was considerably larger than in 1935 and the average for the 10 years 1924-33. Inspected slaughter of calves in January and February was the largest for those months on record.

Total inspected cattle slaughter in 1936 was the largest commercial slaughter since 1913, and was the second largest on record. Inspected steer slaughter in 1936, totaling 4,800,000 head, was much larger than the unusually small steer slaughter of 1935, and was the largest commercial slaughter of steers on record. Inspected slaughter of cows and heifers in 1936, totaling 5,700,000 head, was also the largest commercial slaughter of such cattle in the 18 years of record.

Fewer cattle on feed in early 1937

The number of cattle on feed in the Corn Belt States on January 1 was estimated to be 23 percent less than the number on feed a year earlier, but 10 percent more than the number on feed 2 years earlier. The reduction from

January 1, 1936, to January 1, 1937, was greater in the Western than in the Eastern Corn Belt States. Feed supplies were more severely affected by drought in the Western Corn Belt in 1936 than in any other area.

The number of cattle on feed on January 1 in the 11 Western States and Texas and Oklahoma was estimated to be 11 percent larger than a year earlier, and almost twice as large as the number on January 1, 1935. In most of this area feed supplies generally were relatively more plentiful and feed prices were relatively cheaper than in the Corn Belt.

Shipments of stocker and feeder cattle inspected at stockyards from July to December 1936 were about 5 percent smaller than those of a year earlier, and were the second smallest for the period in 18 years. All of the decrease from a year earlier was in shipments into the Western Corn Belt. Shipments into the Eastern Corn Belt were the largest in more than 10 years, and represented the largest proportion of total shipments into the Corn Belt on record. A much larger than usual proportion of the cattle shipped into the Corn Belt last fall have been carried through the winter on hay, fodder and other roughage, and probably will be pastured next summer, either to be sold as grass cattle for slaughter next fall or put on feed next winter.

Range cattle in fair condition but range feed short

According to the March 1 Western Livestock and Range Report of this Bureau, western ranges have a poor supply of feed available and considerable supplemental feed has been necessary, except in the Southwest. Livestock generally are in fair condition, and winter losses until early March were not large.

The bulk of the slaughter supply of grass cattle in the late spring and early summer usually comes from Texas and California. In Texas, cattle are making good gains and spring grazing prospects are generally favorable. The supply of grass fat cattle for the spring market from that State is likely to be fairly large. In California, the unusually severe winter and the late start of spring pastures has delayed the development of grass fat cattle and many of these may have to be finished in feed lots.

Cattle numbers reduced in 1936

The number of cattle and calves on farms January 1, 1937, was estimated at 66,676,000 head. This number was 2 percent smaller than the number on farms a year earlier, and 10 percent smaller than that on January 1, 1934, when the total number amounting to 74,262,000 head was the largest on record. Although the number of cattle on farms was reduced sharply during 1934, and slightly during 1935 and 1936, the total on January 1, 1937, was about 7 percent larger than the average for the 10 years, 1924-33, and 16 percent larger than the number on January 1, 1928, the previous low point in the cattle-number cycle.

The reduction in absolute numbers during 1936 was greater for cows and heifers 2 years old and over than for any other class of cattle, the decrease for this class amounting to 746,000 head. The number of steers was reduced 374,000 head. Changes in other classifications were relatively small. The decrease in the number of all cattle and calves combined amounted to 1,292,000 head. (See table 5, supplementary data.)

Chiefly responsible for the decline in cattle numbers during 1936 was the large marketings of cattle resulting from the scarcity of feed grains and the poor pasture and range conditions caused by the drought of last year. Corn production totaled only 1.5 billion bushels in 1936, compared with 2.3 billion bushels in 1935 and a 5-year average (1928-32) of 2.6 billion bushels. The scarcity of feed grains and the poor pastures in some sections, notably in the Western Corn Belt, forced the marketings of many cattle and calves which otherwise would have been retained on farms.

Imports relatively large in 1936

Imports of cattle and calves, and of beef in 1936, in terms of live weight, amounted to about 572,000,000 pounds compared with 496,000,000 pounds in 1935. Imports in 1936 were exceeded only by those in the years 1927-29, when they were the largest on record. The live weight equivalent of imports in 1936 was equal to about 5 percent of the live weight of cattle and calves slaughtered under Federal inspection and to about 3 percent of the estimated total slaughter in the United States.

Canned beef was the most important import item in 1936, making up 57 percent of the total when converted to an equivalent weight basis. Live animals constituted 41 percent of the total, while fresh, pickled and cured beef amounted to only 2 percent.

Imports of cattle from Canada increased sharply from 1934 to 1936, largely because of rising prices for cattle in the United States. The lowering of the United States import duty in 1936 from 3 to 2 cents a pound for cattle weighing over 700 pounds on a specified quota for all countries, however, also was a factor in increasing imports last year. The designated quota of 156,000 head was exceeded by about 9,000 in 1936, Canada supplying 143,000 and Mexico 22,000 (exclusive of cattle imported for breeding purposes).

The number of cattle imported from Canada in 1937 will depend in part on the relative level of cattle prices in this country and in Canada, and in part on the supply of Canadian cattle available for shipment. Cattle prices in the United States are expected to be higher in 1937 than in 1936, but the number of fed cattle in Canada available for market this year will be smaller than a year earlier because of reduced feed supplies and the unfavorable returns on cattle marketed in the early part of 1936.

OUTLOOK

Continued strong demand for beef likely

Consumer demand for beef and veal has been closely associated in past years with total national income and with nonagricultural income in the United States. Both national income and nonagricultural income increased approximately 12 percent from 1935 to 1936. This was reflected in increased consumer expenditures for meats and in increased payments by packers for cattle and calves. In January 1937, the most recent month for which such data are available, nonagricultural income was estimated to be 11 percent higher than in January last year. Payments by packers for cattle and calves slaughtered under Federal inspection in January totaled \$64,000,000, an increase of \$3,000,000 over January 1936.

A continuation of the present relatively strong demand situation is anticipated for the next few months, and it is probable that the year as a whole will show substantial gains in nonagricultural income and also in total payments by packers for cattle and calves slaughtered.

Cattle prices to be higher in 1937 than in 1936

In view of the relatively strong demand situation and the fact that cattle slaughter probably will be smaller in 1937 than in 1936, prices of practically all grades of slaughter cattle are expected to average higher than in 1936, and may be higher than in 1935.

The decrease in slaughter supplies during the remainder of 1937, from those of a year earlier, will be most marked in offerings of well-finished cattle. Prices of the better grades of slaughter cattle probably will advance somewhat further from the present relatively high levels during the year.

Prices of the better grades of slaughter cattle, however, have advanced steadily since last June. In mid-March they were nearly as high as in the spring of 1935. Whether or not prices of such cattle will continue to advance much beyond present levels depends in part upon the reaction of consumers to increases above current levels in prices of the better grades of beef. It is possible that the movement of prices of the better grades of slaughter cattle will be somewhat similar to that of 1935. But any recession in prices in the early summer, should it occur, probably will be less than that which occurred in 1935.

Prices of the lower grades are likely to advance seasonally until May or June. After mid-May or early June prices of these cattle usually decline. With further improvement in consumer demand for meats and the relatively strong demand for replacement cattle in prospect the decline this year may be less than average.

Cattle slaughter expected to be smaller than in 1936

Inspected slaughter of cattle and calves probably will continue to be relatively large until pastures become an important factor in the feed situation in late May or June. Because of the current short supplies and high prices of feed, cattle are now being marketed in relatively large volume. If feed crop, pasture and range conditions are about normal this summer, however, there probably will be a considerable demand for replacement stock and feeder cattle, particularly in the Western Corn Belt States. Although cattle slaughter usually increase seasonally in the summer and fall months, the increase this year is not likely to be nearly as great as in the corresponding period of 1936, unless another severe drought occurs. For 1937 as a whole, inspected slaughter of cattle and calves probably will be smaller than in 1936, but considerably larger than average for the 10 years, 1924-33. As compared with last year, the greater part of the decrease in slaughter will be in the last half of this year.

It seems likely, on the basis of present indications, that inspected slaughter of cattle and calves in 1937 may total from 15,000,000 to 16,000,000 head, compared with 17,000,000 head in 1936 and a 10-year average of 13,700,000 head. Inspected cattle slaughter may total from 9,500,000 to 10,000,000 head for the year.

Little change is probable in the total number of cattle and calves on farms from January 1, 1937, to January 1, 1938. The number of calves born in 1937 is likely to be smaller than the number born in 1936 as a result of a reduction of about 750,000 head in the number of cows and heifers on breeding age on farms in 1936, and the shortage of feed in drought areas, which probably resulted in a reduction from last year in the proportion of cows calving. In 1936, with a total inspected slaughter of cattle and calves of about 17,000,000 head, numbers were reduced about 1,300,000 head. With a somewhat smaller calf crop in prospect for this year, slaughter will have to be reduced from last year by about 2,000,000 head if cattle numbers are not to show further decrease on January 1, 1938.

With prospects good for fairly high cattle prices in the next 2 or 3 years, cattle numbers may be expected to increase in 1938 and 1939. Any increase in numbers, however, will be dependent on normal growing conditions for feed crops during this period.

Copies of "Agricultural Statistics, 1936" Available

A limited number of copies of "Agricultural Statistics, 1936" are still available. This 420-page printed volume contains statistics which cover practically all of the important farm products of the United States. The statistics relate to acreage, production, farm price, farm value, and foreign trade of the principal commodities. Copies may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C. at 50 cents each.

Table 1.- Average price per 100 pounds paid by packers, and slaughter of cattle and calves under Federal inspection, by months, average 1924-33, annual 1935-37

Month	Cattle							
	Average price				Slaughter			
	Average:	:	:	:	Average:	:	:	:
	:1924-33:	1935	: 1936	: 1937	:1924-33:	1935 1/:	1936 1/:	1937
	Dollars	Dollars	Dollars	Dollars	Thou-	Thou-	Thou-	Thou-
					sands	sands	sands	sands
Jan.	7.45	5.77	6.47	7.13	735	814	906	867
Feb.	7.39	6.42	6.47		623	641	742	708
Mar.	7.79	7.16	6.52		675	686	763	
Apr.	8.05	7.68	6.81		680	684	812	
May	8.13	7.82	6.73		722	735	736	
June	8.01	7.28	6.38		710	669	853	
July	7.88	6.68	6.10		738	745	928	
Aug.	7.57	6.50	5.85		759	875	1,012	
Sept.	7.37	6.30	6.15		804	886	1,071	
Oct.	6.83	5.85	5.84		879	1,083	1,124	
Nov.	6.66	5.77	5.87		776	956	938	
Dec.	6.85	6.22	6.42		743	892	937	
Average or								
total 2/	7.50	6.54	6.27		8,850	9,666	10,972	
	Calves							
Jan.	9.50	6.11	7.84	8.07	377	476	465	484
Feb.	9.65	6.59	7.73		352	387	405	437
Mar.	9.46	7.22	7.36		420	471	483	
Apr.	8.88	7.26	7.59		456	512	525	
May	8.97	7.31	7.82		449	508	503	
June	8.78	7.36	7.50		414	439	517	
July	8.69	6.79	6.51		386	464	523	
Aug.	8.86	6.93	6.11		379	472	541	
Sept.	8.82	7.15	6.42		386	458	553	
Oct.	8.24	6.88	6.31		431	531	585	
Nov.	7.84	6.78	6.10		385	480	477	
Dec.	8.10	7.11	6.76		385	481	494	
Average or								
total 2/	8.82	6.96	6.93		4,819	5,679	6,070	

Compiled from records of the Bureau of Animal Industry.

1/ Excludes government slaughter, January - May 1935, and August - September 1936.

2/ Total of unrounded figures.

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Table 2.- Price per 100 pounds of cattle and calves, February 1937,
with comparisons

Classification	: Feb. : : average: 1924-33:	: Feb. : : 1935 :	: Feb. : : 1936 :	: Dec. : : 1936 :	: Jan. : : 1937 :	: Feb. : : 1937 :
	: Dollars	: Dollars	: Dollars	: Dollars	: Dollars	: Dollars
Beef steers sold out of first hands at Chicago						
Choice and prime	: 11.50	13.22	11.36	11.82	13.12	13.50
Good.....	: 10.29	11.11	9.47	10.38	10.88	10.90
Medium.....	: 9.00	8.85	7.78	8.64	8.95	8.70
Common.....	: 7.70	6.69	6.52	6.76	7.28	7.10
All grades.....	: 9.41	10.49	8.37	10.27	10.69	10.22
Cows, Chicago:						
Good.....	: ---	7.32	6.22	5.97	6.43	6.47
Low cutter and cutter	: 4.04	3.40	4.51	3.87	4.22	4.09
Vealers, Chicago:						
Good and choice.....	: 11.30	8.04	10.64	10.21	11.10	9.42
Stocker and feeder steers..						
Kansas City:						
500-800 pounds, good..						
and choice.....	: ---	7.06	7.28	6.61	7.14	7.25
800-1050 pounds,						
good and choice.....	: ---	7.88	7.13	6.70	7.62	7.38
Average price received by farmers:						
Beef cattle.....	: 6.36	5.95	6.19	6.17	6.54	6.48
Veal calves.....	: 9.12	6.47	8.58	7.83	8.62	8.21

Table 3.- Number of beef steers from the Corn Belt sold out of first hands at Chicago, and receipts of cattle at seven markets, February 1937, with comparisons

Item	: Feb. : : average : : 1924-33 :	: Feb. : : 1935 : :	: Feb. : : 1936 : :	: Dec. : : 1936 : :	: Jan. : : 1937 : :	: Feb. : : 1937 : :
	: Thou- : sands	: Thou- : sands	: Thou- : sands	: Thou- : sands	: Thou- : sands	: Thou- : sands
Beef steers sold out of first hands:						
Choice and prime	3	5	2	28	19	9
Good	25	25	19	18	20	20
Medium	41	15	27	17	21	25
Common	12	3	8	9	9	6
All grades	81	48	56	72	69	60
Receipts of cattle at seven markets <u>1/</u>	<u>2/</u> 526	490	482	654	601	453

1/ Chicago, Kansas City, Omaha, East St. Louis, St. Joseph, Sioux City, and St. Paul.
2/ Average 1929-33.

Table 4.- Inspected slaughter of steers, cows and heifers, weights of cattle slaughtered, and imports of cattle and beef, January 1937, with comparisons

Item	: Unit :	: Jan. : : average : : 1924-33 :	: Jan. : : 1935 : :	: Jan. : : 1936 : :	: Nov. : : 1936 : :	: Dec. : : 1936 : :	: Jan. : : 1937 : :
Inspected slaughter:							
Cows and heifers	thousands	366	<u>1/</u> 419	514	620	575	470
Steers	"	346	<u>1/</u> 369	355	336	384	366
Average live weight:							
Cattle	pounds	966	920	919	912	916	916
Calves	"	174	187	200	214	208	196
Average dressed weight:							
Cattle	pounds	521	489	482	465	475	483
Calves	"	101	106	110	116	115	111
Total dressed weight:							
Cattle	mil. lbs.	379	395	434	456	465	416
Calves	" "	38	51	51	55	57	53
Imports:							
Cattle <u>2/</u>	thousands	13	6	22	14	13	51
Canned beef <u>3/</u>	1,000 lbs.	<u>4/</u> 2,070	4,099	7,641	3,703	1,764	1,174

1/ Excludes Government slaughter. 2/ United States Department of Commerce. General Imports prior to 1934; beginning January 1, 1934, imports for consumption.
3/ United States Department of Commerce and United States Tariff Commission. Imports for consumption.
4/ Figures include "other canned meats" prior to 1929.

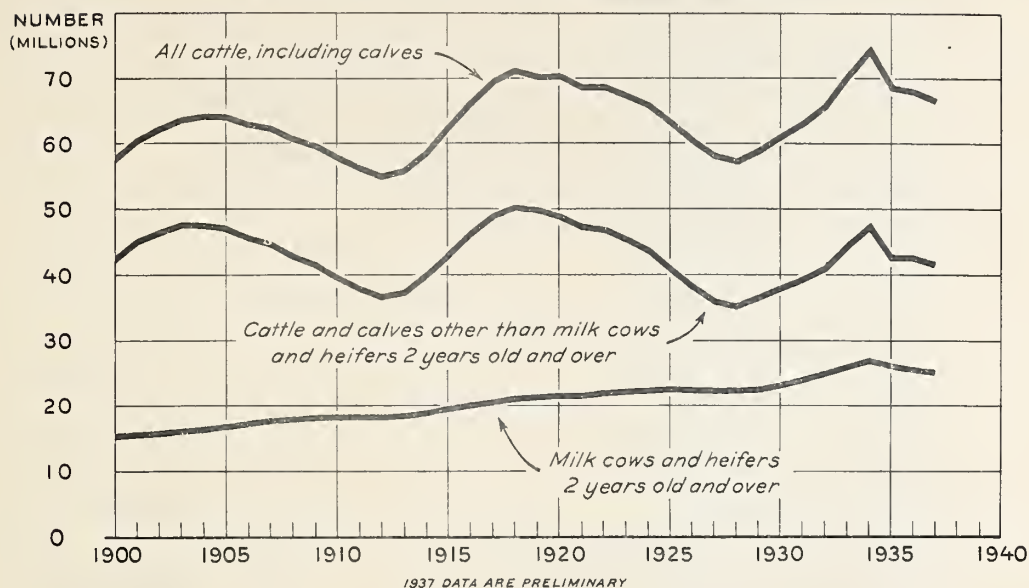
Table 5.- Cattle: Number on farms, January 1, by classes, 1925-37 ^{1/}

Year	All		For milk			
	cattle		Cows and		Heifers	
	and		Total		1 to 2	
	calves		: old and over		: years old	
	Thousands	Thousands	Thousands	Thousands	Thousands	Thousands
1925	63,373	31,058	22,575	4,177	4,306	
1926	60,576	30,856	22,410	4,111	4,335	
1927	58,178	30,800	22,251	4,110	4,439	
1928	57,322	31,090	22,231	4,197	4,662	
1929	58,877	31,902	22,440	4,450	5,012	
1930	61,003	33,080	23,032	4,850	5,198	
1931	63,030	33,968	23,820	4,961	5,187	
1932	65,770	35,363	24,896	5,019	5,448	
1933	70,214	36,857	25,936	5,249	5,672	
1934	74,262	37,986	26,931	5,381	5,674	
1935	68,529	36,315	26,069	4,989	5,257	
1936	67,968	35,675	25,439	4,792	5,444	
1937 <u>2/</u> ...	66,676	35,338	25,041	4,996	5,301	
Not for milk						
	Total	Cows and	Heifers	Calves	Steers	Bulls
		heifers 2 years:	1 to 2	old and over	years old:	
1925	32,315	11,204	3,208	9,225	7,197	1,481
1926	29,720	10,294	2,882	8,388	6,736	1,420
1927	27,378	9,439	2,655	7,792	6,093	1,399
1928	26,232	8,926	2,569	7,893	5,457	1,387
1929	26,975	8,997	2,704	8,224	5,623	1,427
1930	27,923	9,178	2,808	8,873	5,597	1,467
1931	29,062	9,817	3,016	8,909	5,798	1,522
1932	30,407	10,423	3,118	9,725	5,562	1,579
1933	33,357	11,330	3,406	11,209	5,758	1,654
1934	36,276	12,621	3,640	12,201	6,064	1,750
1935	32,214	10,994	3,330	10,920	5,304	1,666
1936	32,293	10,973	3,471	10,515	5,690	1,644
1937 <u>2/</u> ...	31,338	10,625	3,262	10,509	5,316	1,626

^{1/}Estimates were revised in February 1937 as follows: cows and heifers 2 years old and over, 1926-34; all classes, 1935-36.

^{2/}Preliminary.

CATTLE, INCLUDING CALVES: NUMBER ON FARMS, JANUARY 1, BY CLASSES, UNITED STATES, 1900-37



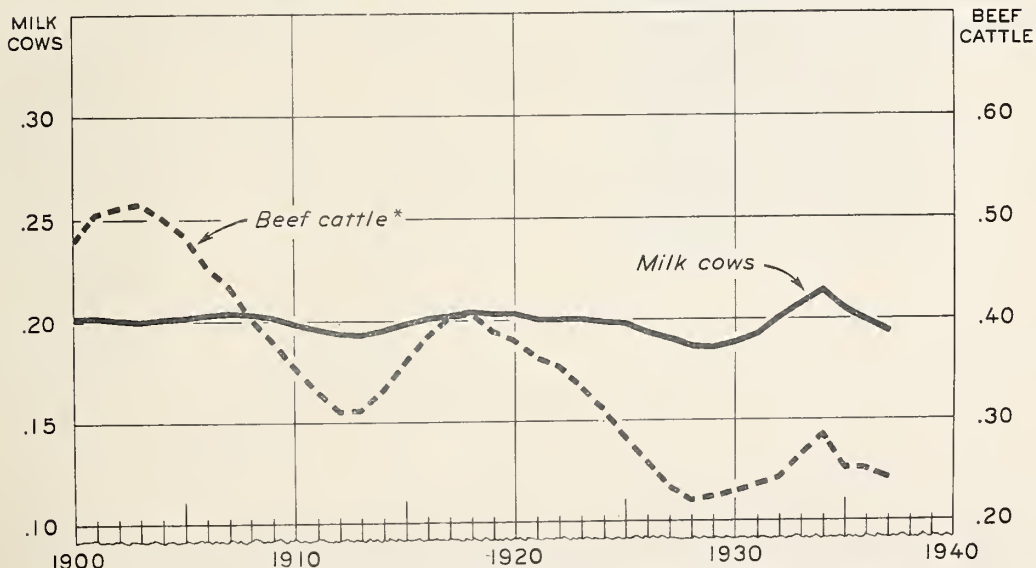
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FIGURE 1.— SINCE 1900 THERE HAS BEEN A GRADUAL UPWARD TREND IN THE NUMBER OF MILK COWS AND HEIFERS ON FARMS, BUT THE NUMBER OF CATTLE, OTHER THAN MILK COWS AND HEIFERS, SHOWS NO TREND, EITHER UPWARD OR DOWNWARD. MOST OF THE CYCLICAL VARIATIONS IN THE TOTAL NUMBER OF CATTLE HAVE BEEN DUE TO CHANGES IN THE NUMBER OF BEEF CATTLE.

NUMBER PER CAPITA OF MILK COWS AND BEEF CATTLE ON FARMS, JANUARY 1, 1900 TO DATE



*CALCULATED FROM ESTIMATED NUMBER OF ALL CATTLE ON FARMS MINUS NUMBER OF MILK COWS, HEIFERS, AND HEIFER CALVES BEING RAISED FOR MILK COWS

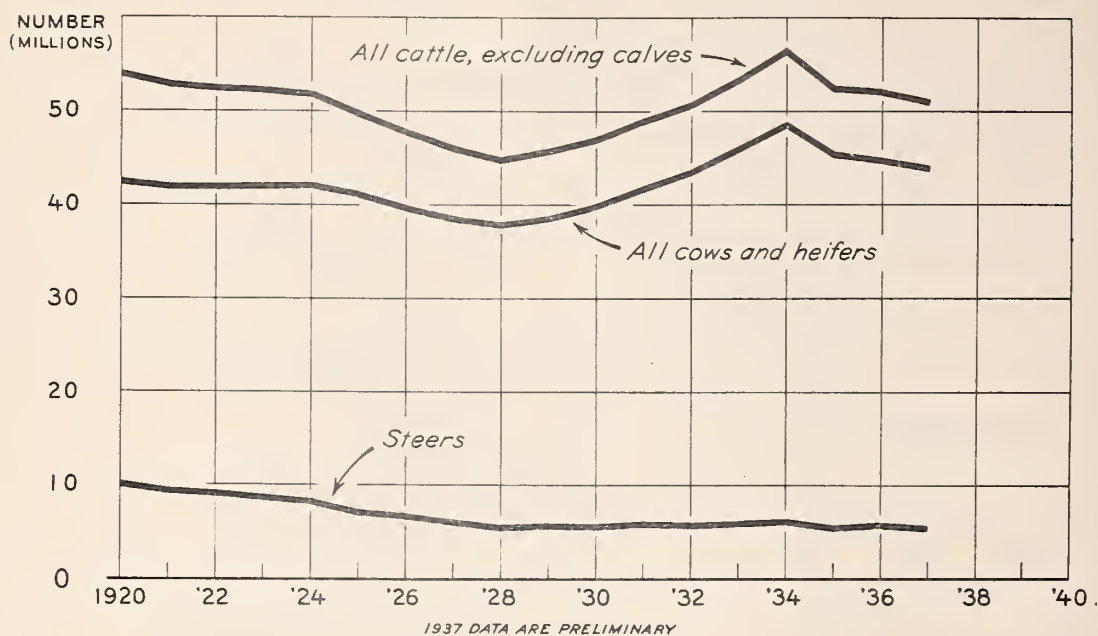
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FIGURE 2.— FROM 1900 TO 1937 THE NUMBER OF MILK COWS ON FARMS HAS INCREASED AT ABOUT THE SAME RATE AS HUMAN POPULATION. THE INCREASE IN POPULATION, HOWEVER, HAS NOT BEEN ACCOMPANIED BY A CORRESPONDING INCREASE IN THE NUMBER OF BEEF CATTLE.

CATTLE, EXCLUDING CALVES: NUMBER ON FARMS JANUARY 1, BY CLASSES, UNITED STATES, 1920-37



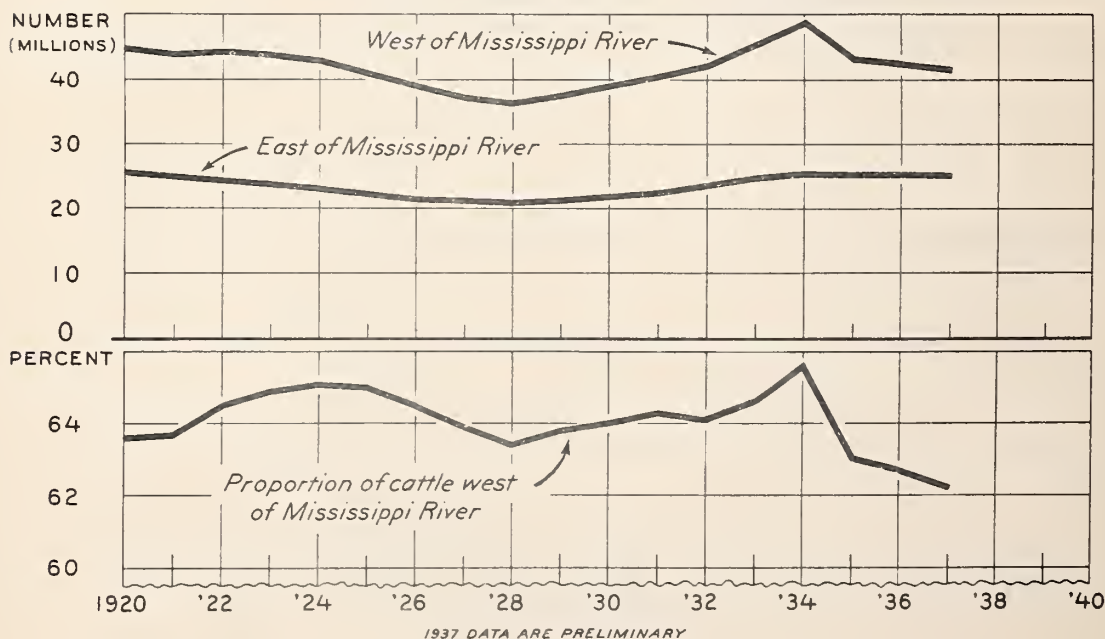
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FIGURE 3

ALL CATTLE : NUMBER ON FARMS JANUARY 1, UNITED STATES, 1920-37



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FIGURE 4